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SUBJECT: WGTL SETTLEMENT DEADLINE MAY PASS WITHOUT GOTT ACTION

REF: PORT OF SPAIN 430; PORT OF SPAIN 401  
LETTER FROM WGTL TO CHARGE 11-06-2009 (ATTACHED)  
OFFER LETTER FROM WGTL 11-02-2009 (ATTACHED)

BUSINESS SENSITIVE INFORMATION: PLEASE PROTECT ACCORDINGLY

¶1. (SBU) SUMMARY: World GTL's (WGTL) dispute with Trinidad and Tobago's national oil company Petrotrin (reftels) is reaching a watershed moment as its offer for settlement expires December 3. The Minister of Trade told Charge that the GOTT considers the dispute a commercial matter, and Petrotrin's president told us November 25 that the company's lawyers are reviewing the offer and threatened law suit (refs C,D), but we expect no action will be taken by Petrotrin or the GOTT prior to the settlement deadline. WGTL's president has repeatedly told us he fears that a lawsuit will drag on for years, and has asked if the USG regards the dispute as a purely commercial matter or one of expropriation, as the company asserts. We continue to urge Petrotrin and the GOTT to settle the dispute without a lawsuit or arbitration, but the national oil company remains confident that its actions were appropriate, and does not seem to feel pressured by WGTL's deadline. The Prime Minister, meanwhile, categorically told an international audience attending a business forum associated with the Commonwealth Heads of Government Meeting (CHOGM) November 24 that his government does not expropriate property. END SUMMARY.

DECEMBER 3 SETTLEMENT DEADLINE LOOMS

¶2. (SBU) Attorneys for US-based energy processing firm World GTL (WGTL) sent a settlement offer (ref D) to the Attorney General of Trinidad and Tobago and to Petrotrin's legal advisor on November 2, seeking \$50 million to settle the dispute. The offer letter stated that, unless a cash settlement is reached beforehand, WGTL will file on December 3 either a lawsuit in the U.S. federal District Court for the Southern District of New York or an arbitration demand before the International Center for Settlement of Investment Disputes (ICSID). WGTL's attorneys included a draft of the lawsuit that claims, among other things, expropriation, fraud and negligent misrepresentation in the way Petrotrin assumed a private loan on the WGTL-Petrotrin joint venture in a gas-to-liquids (GTL) plant for which the venture defaulted, forcing it into receivership and giving Petrotrin an opportunity to take control of the venture's management (refs A, B). WGTL's president David Loring has told us several times that while he fears Petrotrin and the GOTT would try to drag out a lawsuit for many years, he also feels that they would not act on his company's claims without the threat of a specific legal action.

YOUR DEADLINE IS NOT MY DEADLINE

¶3. (SBU) Petrotrin's president Kenneth Allum told us November 25 that the company's legal team is reviewing the offer and lawsuit, and would advise him of a recommended course of action. He added that "our doors are always open," reiterating his assertion that Petrotrin has been forthcoming with WGTL regarding the transactions that led to WGTL's current complaint, but that Loring and other WGTL representatives refused to communicate with Petrotrin officials after the venture went into receivership (ref A). Allum told us that it was "unlikely" that his legal advisors would provide him a recommendation by WGTL's December 3 deadline. "Remember," he said, "we don't see this the same way Mr. Loring does."

¶4. (SBU) We again urged Allum to consider the settlement as a better alternative to a lawsuit. We told him that more than one US Senator was following the case, which may create an impetus for the USG to decide whether to define this matter as an expropriation. We noted that, during a speech November 24 at a business forum associated with the Commonwealth Heads of Government Meeting (CHOGM) taking place in Port of Spain this week, Prime Minister Manning declared Trinidad and Tobago open for business with foreign investors, and announced new tax incentives for investment here. We argued that a pending lawsuit filed by an investor in new technologies would be incongruous with the Prime Minister's message, particularly a lawsuit based on a claim of

expropriation. Allum immediately pointed to another part of Manning's speech in which the PM said, "We have adopted the British system of jurisprudence which means that we do not expropriate people's property nor do we expropriate the property of our local business people."

GOTT: THIS IS A COMMERCIAL MATTER

¶5. (SBU) Pursuant to discussions we had with WGTL's president David Loring, the Charge directly forwarded copies of WGTL's settlement offer to the Ministers of Foreign Affairs and Trade, and was made aware that Trade Minister Mariano Browne (who is also Minister of State for Finance and a confidant of the PM) forwarded the same to the Minister of Energy. Browne told the Charge that he considered the dispute a commercial matter, suggesting it would not warrant political action by the government. For his part, Loring has expressed his gratitude for the advocacy efforts undertaken on behalf of his company (ref C), but has also asked us if the USG considers the events leading to the venture's receivership as an expropriation or a purely commercial matter over which his company should file suit.

COMMENT: ACTION UNLIKELY

¶6. (SBU) COMMENT: It is unlikely that Petrotrin and/or the GOTT will take any action regarding the WGTL dispute and settlement offer in time for WGTL's December deadline. Allum's awareness of the deadline and his assertion that his legal team is reviewing the matter, however, offer some encouragement, since much of his attention since November 2 most certainly would have been split between CHOGM events, union calls for work stoppages against his company, and follow up to reports he made public that the company is facing budget shortfalls. We do not know if Manning's reference to expropriation in his November 24 speech was in any way related to the WGTL dispute, but Allum appeared to take stock of the PM's assertion, telling us "I don't think I need to say much more on that topic." Petrotrin, as we have reported, is confident that it acted appropriately to save a faltering project that had been mismanaged by WGTL (ref A). Unless otherwise directed by the Department, we will refrain from offering a view on the

expropriation/commercial dispute question and will continue to urge Petrotrin and the GOTT to be flexible in their approach to the matter and to reach a settlement. Given the current state of play, though, litigation seems inevitable.

17. (U) Refs C and D are attached to this cable in SMART format.  
KUSNITZ